

Response to Proposed CHOICE Budget Cuts

February 1, 2021

Summary

- The Governor's budget proposes to cut CHOICE nearly \$5,000,000 in each of the next two years
 - There is a growing need for CHOICE services overall
 - CHOICE allocations to AAAs for services have decreased substantially
 - Restore CHOICE and other reversions
 - Restore CHOICE dollars for CHOICE services
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FY 21 Appropriation	\$ 48,765,643	Difference from FY 21
FY 22 Appropriation	\$ 43,914,740	(\$4,850,903)
FY 23 Appropriation	\$ 44,240,193	(\$4,525,450)

- This comes at a time when demand for older adult services have never been higher and the administration pledged to reform long-term services and supports to emphasize home and community-based services.

There is a growing need for CHOICE services overall

- As of December 31, 2020, there is a statewide waiting list of nearly 2,000 people which has been increasing with state cutbacks due to COVID-19. As a result, AAAs are moving towards more restrictive prioritization for increasingly frail / at-risk elders as opposed to prevention in the younger cohort for which CHOICE was designed.
- Based on an average annual participant cost of \$2,370, the FY 21 reversion and the ongoing budget cuts represent an impact of 2,000 individuals annually that will wait for service, the size of the current waiting list.
- The population of older adults in Indiana is its fastest growing co-hort. One out of every five Hoosiers, or more than 20%, will be age 65 or older by 2030. In 2015, it was 15%.

CHOICE allocations to AAAs for services have decreased substantially

- Increasingly over the years, CHOICE funds are being transferred to support Medicaid Waiver and other items. For FY 20:

Total Appropriation	\$48,765,643
Match for Medicaid Waiver	\$(18,000,000)
Transfer to OMPP for Waiver intake	\$(3,750,000)
Reserve (Required)	\$(1,500,000)
State Administration	\$(1,215,643)
AAA Contracted CHOICE Services	\$24,300,000

- The state is requiring a CHOICE reversion of 18.67% for FY 21 that will be deducted from AAA Contracted CHOICE Services: (\$4,535,759).

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Restore CHOICE and other reversions

- The additional COVID -19 relief funds the state has received through the Older Americans Act. Current COVID-19 relief funds are fully expended, and OAA carry-over that resulted from the priority COVID-19 relief funds will run out this spring.
- We used to carry-over CHOICE which allowed for more flexibility and better client management; Our current statewide reversion rate is 5.0%, but we are working each year to remove inefficiency in distribution system by annually revising distribution formula and employing mid-year contract revisions. Our reversion percentage has decreased each year.

Restore CHOICE dollars for CHOICE services

- CHOICE is the least expensive long-term care option the state has:

	Average monthly cost comparison	Notes
Nursing Facility	\$4,761	includes Medicaid state plan services
A&D Waiver	\$1,581	Not inclusive of Medicaid state plan services for which Waiver participants also qualify
CHOICE	\$569	Not inclusive of Medicaid state plan services as CHOICE clients typically are not Medicaid eligible

- Medicaid should pay for Medicaid waivers since CHOICE is now designed as a primarily preventive service; preventative CHOICE services help client avoid declining both financially and in care needs to Medicaid eligibility
- CHOICE funds can be used short-term and preventatively (meals, lifeline/alert, short-term homemaker, home modification) to divert consumers from long-term Medicaid eligibility and services.